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Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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The meeting was called to order at 3.10 p.m.

Agenda item 131: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/66/747 and Corr.1 and A/66/806)

1. **Mr. Liu** Yu (Chairman, Audit Operations Committee, United Nations Board of Auditors), introducing the note by the Secretary-General transmitting the report of the Board of Auditors on enhancing accountability, transparency and cost-effectiveness in the United Nations system: proposal to clarify and enhance the role of the Board of Auditors in the conduct of performance audits (A/66/747 and Corr.1), said that the proposal contained in the report had been developed in consultation with the Administration, the Office of Internal Oversight Services, the Independent Audit Advisory Committee, the Joint Inspection Unit and, informally, with some internal audit services of the funds and programmes. The Financial Regulations and Rules of the United Nations already gave the Board a discretionary mandate that extended beyond the audit of the financial statements. Under regulation 7.5, the Board had a mandate to examine how well United Nations system organizations had utilized resources. In its resolution 66/209, the General Assembly had recognized the important role of supreme audit institutions in promoting the efficiency, accountability, effectiveness and transparency of public administrations.

2. For decades, the Board had examined selected management issues in accordance with regulation 7.5 and reported on them in its long-form reports, while in other instances, the Advisory Committee on Administrative and Budgetary Questions, acting under regulation 7.7, had requested the Board to conduct specific examinations and issue separate reports on the results. In addition, the Board submitted long-form and short-form reports on specific entities biennially. The short-form report included the Board's opinion on the financial statements, while the long-form report included the critical managerial, operational and compliance issues that needed to be reported to the General Assembly.

3. The principles of public accountability, transparency and effective governance required that administrations should be held publicly responsible for the efficient and effective management of organizations and not simply for producing properly presented financial statements. The examination of that core managerial responsibility was a key function of external auditors in the public sector and it was the view of the Board and supreme audit institutions that the same principles and roles applied in international public sector organizations. Although the Board conducted performance audits, regulation 7.5 did not fully and clearly encapsulate all the elements of modern public sector performance auditing, particularly in relation to the economy and effectiveness of operations. Furthermore, the number of reports would increase as entities moved from a biennial to an annual reporting cycle with the implementation of the International Public Sector Accounting Standards (IPSAS). In the Board's view, the requirement that long-form audit reports should be prepared for all entities irrespective of the risks to the United Nations was time-consuming and might not be cost effective. It therefore proposed that only short-form reports should be prepared for small entities with low risks.

4. Moreover, the timing of the long-form report was largely restricted to the financial accounting and audit cycle, which meant that the General Assembly did not always receive timely and independent external audit assessments and reports on major issues that the Board identified during its audits. In many cases the Board was ready and able to report more quickly to the General Assembly on important issues within and across United Nations organizations through studies on specific topics, but such reports could be prepared only at the request of the Advisory Committee.

5. The Board therefore requested the General Assembly to endorse that, as the independent external auditors of the United Nations and its funds and programmes, the Board played a fundamental role in enhancing accountability, transparency, governance and value for money through the conduct of performance audits; when the Financial Regulations and Rules were next revised, to amend regulation 7.5 in order to align it with the current practice of public sector external audits and performance auditing; and/or to endorse the Board's proposals under the existing Regulations to streamline its long-form reports and prepare audit reports on specific topics, based on the Board's assessment of the risks to cost-effective delivery and use of resources by United Nations system organizations and with the concurrence of the Advisory Committee. No more than three such reports in addition to those on the capital master plan, IPSAS and the Umoja enterprise resource planning project would be produced using the Board's current resources.

6. Should the Assembly support its proposals, the Board would draw up a programme of work to be submitted in the fall of 2012 and implemented beginning in 2013. In broad terms, it would select topics for examination that offered the greatest scope for improved cost effectiveness and were of the greatest strategic importance.

7. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/806), said that the Advisory Committee recognized the importance of the General Assembly being able to avail itself of the independent opinion of the Board of Auditors, whose role was fundamentally different from that of internal auditor. The Advisory Committee saw merit in an increased role for the Board in conducting performance audits, although its capacity to undertake additional audits might be affected by the implementation of IPSAS. However, the Advisory Committee did not consider that the Financial Regulations and Rules, as currently formulated, impeded the Board's ability to carry out additional work in that area. Consequently, there was no need to revise regulation 7.5.

8. Concerning the Board's proposal to streamline its long-form reports and issue short-form reports alone for low-risk entities, the Advisory Committee considered that the observations and recommendations in the long-form reports provided important insights on resource and management issues that were beneficial to the Assembly and other legislative or governing bodies of the United Nations system organizations. It therefore recommended that the Board should continue its current practice of producing both short-form and long-form reports for each entity.

9. It was not necessary to establish a formal mechanism whereby the Board would seek the Advisory Committee's concurrence on topic-specific audit reports by submitting a proposed programme of work. Its ongoing dialogue with the Board could include discussions of suitable reports which might be requested of the Board under regulation 7.7.

10. The Advisory Committee also agreed that the Board should be able to bring major issues and concerns to the attention of the Assembly. It was willing to engage with the Board on any such issues, but considered that that could be done within existing arrangements. The Advisory Committee trusted that the Board would bring such matters to its attention when deemed appropriate.

Agenda item 129: International residual mechanism for criminal tribunals (*continued*) (A/66/754 and A/66/807)

11. **Ms. Casar** (Controller), introducing the report of the Secretary-General on construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch (A/66/754), said that the report provided the information requested by the General Assembly in its resolution 66/240, by which it had appropriated an initial amount of $3 million for the construction of new facilities for the Arusha branch of the International Residual Mechanism, and an update on the progress of the project, including details of a project management plan, programmatic and functional requirements, and a conceptual design. The project had begun in January 2012 and would take approximately five years to complete, concluding with occupancy in 2017. The report outlined key milestones, including the recruitment of a project manager, identification of a site, the hiring of a design consultancy firm, planning and design activities, the hiring of contracting firm, and construction and occupancy. The General Assembly was requested to take note of the report.

12. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/807), said that the Advisory Committee, noting that a minimum of approximately five acres of land was required for the new facility, requested the Secretary-General to further engage with suitable entities in Arusha to explore the possibility of co-locating in order to share common services and/or space so as to reduce overall requirements and costs. Noting that the international residual mechanism should be a small, temporary and efficient structure whose functions and size would diminish over time, the Advisory Committee further recommended that the Secretary-General, in his next report to the Assembly, should provide comparative cost information for a temporary and a permanent structure for the new facility.

13. The Advisory Committee had been informed that the space requirements had been estimated on the basis of a total of 90 staff. Noting that the Assembly, in its resolution 66/240, had approved 44 posts for the continuous functions of the Arusha branch of the Mechanism, the Advisory Committee urged the Secretary-

General to ensure that the final space requirements for the new facility reflected the actual number of staff needed to perform the functions of the Mechanism.

14. **Mr. Kisoka** (United Republic of Tanzania) said that his Government was providing the necessary support to facilitate the work of United Nations entities and was working closely with the Organization to ensure the successful completion of the project. It appeared, based on the speed at which other large projects were progressing, that work on the project could be expedited; his delegation would pursue the matter in informal consultations.

Agenda item 134: Programme budget for the biennium 2012-2013 (*continued*)

Estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (*continued*) (A/66/7/Add.24 and A/66/354/Add.7)

15. **Ms. Casar** (Controller), introducing the report of the Secretary-General on estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council: Office of the Joint Special Envoy of the United Nations and the League of Arab States on the Syrian Crisis and Office of the Special Envoy for the Sudan and South Sudan (A/66/354/Add.7), said that the Office of the Joint Special Envoy on the Syrian Crisis had been established pursuant to General Assembly resolution 66/253. The estimated requirements for the Office for a 10-month period ending in December 2012 amounted to $7.5 million, comprising $3 million in staff costs for 18 positions and $4.5 million in operational requirements.

16. The Office of the Special Envoy for the Sudan and South Sudan had been established following an exchange of letters between the Secretary-General and the President of the Security Council towards the end of the mandate of the United Nations Mission in the Sudan. The resource requirements for the Office for 2012 were estimated at $1.3 million, comprising $1 million in staff costs for seven positions and $300,000 in operational requirements.

17. The Assembly was requested to approve the budgets for the two missions totalling $8,771,200 and to approve a charge in the equivalent amount against the provision for special political missions for the biennium 2012-2013.

18. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/7/Add.24), said that, with respect to the Office of the Joint Special Envoy of the United Nations and the League of Arab States on the Syrian Crisis, the Advisory Committee recommended approval of the proposed budget of $7,488,000 and of an equivalent charge against the provision for special political missions for the biennium 2012-2013. It noted that the initial resource requirements for the Office had been funded through the unforeseen and extraordinary expenditures mechanism of the Secretary-General, which was intended as a bridging mechanism. The proposed budget provided for 18 positions, including that of the Joint Special Envoy, who had been appointed on 23 February 2012. The Secretary-General had indicated that the primary task of the Joint Special Envoy was, through his good offices, to search for a solution to the Syrian crisis and that the Office of the Joint Special Envoy would be located within the United Nations Office at Geneva.

19. With respect to the Office of the Special Envoy for the Sudan and South Sudan, the Advisory Committee recommended approval of the proposed requirements of $1,283,200 for 2012 and of an equivalent charge against the provision for special political missions for the biennium 2012-2013. The proposed budget provided for seven positions, including that of the Special Envoy, whose main task was to support the establishment and maintenance of good relations between the Sudan and South Sudan. While the Advisory Committee did not object to the proposal to locate the Special Envoy in New York, it was of the view that locating him within the region would bring him into closer contact with the parties and could generate savings under operational costs. It therefore recommended that the location of the Special Envoy should be kept under review.

20. **Mr. Cabezas** (Chile), speaking on behalf of the Community of Latin American and Caribbean States, said that, from an operational perspective, the current arrangements for special political missions were far from optimal. The financing of such missions distorted the regular budget, a problem that would worsen over time if not properly addressed. Moreover, the Department of Field Support and the Department of

Peacekeeping Operations provided support and backstopping to peacekeeping operations and special political missions in a practically indistinguishable manner, a situation that substantiated the Community's previously stated view that the two types of missions were closely related, while the legislative arrangements concerning them diverged. Community members would consider the proposed budgets for special political missions on their merits, but continued to hold that the underlying causes of the problem should be addressed.

21. **Ms. Martínez Lievano** (Mexico) said that her Government was committed to supporting efforts to achieve reconciliation and political dialogue in situations that threatened international peace and security. However, there was a fundamental contradiction with respect to special political missions that could not be ignored: operationally, there was no difference between the requirements of such missions, particularly those that had a major presence in the field, and the requirements of peacekeeping operations. The lack of distinction between the two types of missions was reflected in the dilemma faced by the Department of Peacekeeping Operations and the Department of Field Support when they provided support to special political missions at the risk of violating legislative provisions.

22. During recent informal consultations, some representatives of the Secretariat had appeared to be unaware that, in providing support to special political missions using the support account or strategic deployment stocks, they were failing to adhere to General Assembly mandates. In reports and supplementary information provided to the Assembly, the terms "peacekeeping operations" and "field missions" were used to designate peacekeeping missions and special political missions indistinguishably. Moreover, the fact that the Fifth Committee was required to take up special political missions virtually each time it met showed that their cycle was completely different from the biennial cycle of the regular budget. At the main part of the Assembly's sixty-sixth session, her delegation had sought a way to normalize the situation; recognizing that no solution was at hand, it had agreed to postpone the matter on the understanding that it would be discussed in depth at the next session. The situation was operationally unsustainable. She urged Member States to consider ways of making the necessary changes; her Government would present its suggestions at the Assembly's sixty-seventh session.

23. **Mr. Ayzouki** (Syrian Arab Republic) said that his Government welcomed the mission of Kofi Annan, the Joint Special Envoy of the United Nations and the League of Arab States on the Syrian Crisis. It had taken measures to meet its obligations under Mr. Annan's six-point peace plan and had regularly kept him informed in writing of the measures taken. He hoped that the Joint Special Envoy would adopt a comprehensive approach, as his mission would not succeed with the support of the Syrian Government alone. Mr. Annan should also urge the relevant Arab, regional and interregional parties to support his mission and comply with Security Council resolution 2043 (2012). He should furthermore enjoin them to refrain from any action that might cause the mission to fail.

24. On the issue of humanitarian assistance, the international community could not claim to care for some Syrians while ignoring the 23 million who were affected by sanctions.

25. He hoped that the Committee would approve the budget proposed for the Office of the Joint Special Envoy.

26. **Mr. Vargas** (Brazil) said that his delegation paid tribute to the women and men who worked in special political missions to promote peace in sensitive and volatile parts of the world. In considering the proposed budgets before it, the Committee should strive to ensure that resources were allocated and used in the most efficient and effective manner possible. Its main concern should be to provide the United Nations with the means required to fulfil its ambitious mandates. The success of those missions could enhance the chances of durable peace, with important repercussions on the Organization's budget, as it was less onerous to invest in special political missions than to finance more expensive initiatives to avoid relapse into or aggravation of conflicts.

27. In budgeting for the United Nations presence in the field, making a clear distinction between peacekeeping operations and special political missions would ensure transparency and guarantee that the operational challenges of such missions were met in an optimal manner. Limitations arising from the current backstopping arrangements for special political missions should be addressed and the budgetary process through which such missions were funded should be more transparent and rational. Resources and mechanisms geared towards the operational

effectiveness of such missions would enhance their accomplishments. As mandates and safety provisions for United Nations personnel became more complex, adherence to the relevant General Assembly resolutions was essential. Attention should also be devoted to the transition from peacekeeping to special political missions, when essential support mechanisms might be withdrawn overnight even as challenges on the ground remained. Given the importance of the issues at stake, the Assembly should strive to take a decision on backstopping for special political missions by the end of 2012.

The meeting rose at 4 p.m.